



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0456	Title:	Exempt tribally owned property from property taxes
Primary Sponsor:	Juneau, Carol C	Status:	As Introduced

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	(\$22,905)	(\$22,306)	(\$23,722)
State Special Revenue	\$0	(\$1,439)	(\$1,464)	(\$1,490)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$22,905)</u>	<u>(\$22,306)</u>	<u>(\$23,722)</u>

Description of fiscal impact: SB 456 would exempt from property taxes real property owned by federally recognized Indian tribes that is located within the boundaries of their reservation. The bill would also exempt from property taxes real and personal property of the Little Shell band of Chippewa Indians located within the county in which a plurality of the tribe's members reside.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- Under current law, real property that is owned by an Indian tribe is taxable, unless the U.S. Government holds it in trust. Federal law exempts personal property owned by the tribe and located on the reservation. Personal property owned by tribal members but not located on a reservation is taxable.
- The Department of Revenue (DOR) prepared a list of tribally owned property for TY 2006. Using this data set as a base, names were compared to TY 2008 records to identify any change in property ownership. New property with a tribal property type code or property held by the same owners, not in the 2006 data, was added. A total of 675 real property parcels were identified.

3. The DOR property data system does not include an indicator identifying whether property is located within or outside reservation boundaries. Using the geocode, mailing address, situs address, levy district and school district fields, all 675 properties identified as being located or mailed to an individual within a reservation boundary. For purposes of this fiscal note, it is assumed all 675 properties are within reservation boundaries.
4. For TY 2008 the various tax classes, the taxable value and associated taxes from mills for this property were as follows:

Tribally Owned Real Property TY 2008

Property Tax Class	Taxable Value	Taxes
Class 3 - Agricultural Land	\$113,957	\$65,138
Class 4 - Residential	\$90,071	\$50,902
Class 4 - Commercial	\$21,494	\$13,055
Class 10 - Forestland	\$5,691	\$2,854
Total	\$231,213	\$131,949

Little Shell band of Chippewa Indians

5. The bill would additionally provide an exemption to tribal properties owned by the Little Shell band of Chippewa Indians.
6. According to the Office of Indian Affairs, there are approximately 4,800 members of the Little Shell band with the majority of tribal members located within Cascade County.
7. A search of the department's 2008 tax records showed four real property parcels with the Little Shell band listed as the deed owner. However, none of the four are located in Cascade County and therefore would not be exempt under the current language of this bill.

Fiscal Impact

8. The exemptions would apply starting with TY 2010 property taxes, reducing revenue for FY 2011 and beyond.
9. Growing each class by the projected growth rates in HJR 2 and the OBPP growth rates for FY 2012 and FY 2013 the following table provides the estimated impact of exempting the identified tribal property over the next two biennia:

**Estimated Revenue Impact of SB 456 -
Exemption of Tribally Owned Property**

Jurisdiction	FY 2011	FY 2012	FY 2013
State general fund	(\$22,905)	(\$23,306)	(\$23,722)
University SSR fund	(\$1,439)	(\$1,464)	(\$1,490)
School Districts	(\$54,698)	(\$55,657)	(\$56,649)
Local Jurisdictions	(\$57,788)	(\$58,801)	(\$59,849)

10. The department does not anticipate any increase in expenditures associated with this bill.

	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>	<u>FY 2012</u> <u>Difference</u>	<u>FY 2013</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
Department of Revenue				
<u>Revenues:</u>				
General Fund (01)	\$0	(\$22,905)	(\$23,306)	(\$23,722)
State Special Revenue (02)	\$0	(\$1,439)	(\$1,464)	(\$1,490)
TOTAL Revenues	\$0	(\$24,344)	(\$24,770)	(\$25,212)

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	(\$22,905)	(\$23,306)	(\$23,722)
State Special Revenue (02)	\$0	(\$1,439)	(\$1,464)	(\$1,490)

Effect on County or Other Local Revenues or Expenditures:

1. The bill would reduce local property tax revenue in local districts by approximately \$112,000 in FY 2011 growing to approximately \$116,500 in FY 2013. To the extent that local districts can float mills, local jurisdictions could recover any revenue reduction.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date